

Determinants of Environmental Social Governance (ESG) Disclosure and Effect Of integrated reporting on firm performance. A study on listed companies in Sri Lanka

S. Harishanth¹, S.S. Weligamage²

Department of Finance, University of Kelaniya, Sri Lanka^{1,2}
Harishan0422@gmail.com¹, susima@kln.ac.lk²

Abstract

Introduction: Integrated Reporting (IR) is an emerging concept followed by organizations all over the world. The overall objective of the organizations is to know how organization creates value over time. IR indicates the act of quantifying, evolving and being responsible to all stakeholders for the performance of organizations towards their goal of achieving value. The nature of business has drastically changed during the past several years. There is general agreement that the business reporting model needs to go beyond the conventional financial reporting model, which places an emphasis on backward-looking, quantified financial information, in order to satisfy market information needs and provide information necessary for corporate transparency and accountability.

Methodology: CSE has 295 companies representing 20 GICS industry groups as of 30th June 2022 (CSE, 2022). However, the study covers only forty (40) listed companies for the period from 2016 to 2021. The relationship and the effect of integrated reporting on firm performance is examined in this study.

Findings: The results of the Random effect model regression analysis show that IR has insignificant positive impact on ROA, while Risk, Size and Mtb have insignificant impact on ROA. Further, IR, Risk, Size and Mtb have an insignificant impact on EPS at 5% significance level. Based on the correlation analysis, the results show that only IR has a significant positive relationship with ROA at 5% significance level while rest of the variables have insignificant relationship.

Conclusion: The study has an important implication for the management of the companies and other interested parties. Further research can be extended by choosing more time periods of data and choosing other indicators of FP. In this way, IR and its impact on FP have become an important area for research in the recent past and this paper attempts to find out the impact and the relationship between them.

Keywords: Firm Performance, Integrated Reporting disclosure index, Integrated reporting